

## Strategic Report

In the twenty two years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 15.8% per annum, in aggregate 2,401% at the closing price of 1536p on 31 March 2022. This compares to 6.2% per annum for the FTSE Real Estate Index and 5.1% per annum for the FTSE All Share index over the same period. We feel this illustrates the power of compounding of consistent incremental returns over the longer term.

# Our investment case

## Our values



## How we deliver value



### Helpfulness

Big Yellow exists to help people out and relieve pressure in their lives. We constantly strive to make our customers' lives easier.

### Empathy

We always listen and put ourselves in the position of the individual we are serving, understanding how exactly we can lighten their load.

### Flexibility

We are always flexible and adapt our service to best suit the needs and the desires of our customers.

### Innovativeness

We strive to innovate to help drive our business forward and we never accept the status quo.

### Integrity

We approach everything we do with a commitment to doing right. This goes beyond our customers to include our people, local communities and environments.

### Attractive market dynamics

- UK self storage penetration in key urban conurbations remains relatively low
- Limited new supply coming onto the market
- Resilient through the last economic downturn and performed well during the pandemic
- Self storage is more part of the ecosystem today than it was in 2008 with increased domestic and business awareness

### Our competitive advantage

- UK industry's most recognised brand with over 90% of enquiries now online
- Prominent stores on arterial or main roads, with extensive frontage and high visibility
- Continuous innovation and investment into our mobile and desktop digital channels
- Strong customer satisfaction and NPS scores reflecting excellent customer service
- 6.1 million sq ft UK footprint, with development pipeline of 1.0 million sq ft
- Primarily freehold estate concentrated in London and South East and other larger urban conurbations
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet
- Continued significant investment in sustainability and our culture



**Evergreen income streams**

- 73,000 occupied rooms, with customers from a diverse base – individuals, SMEs, and national customers
- Average length of stay for existing customers of 29 months
- 37% of customers in stores greater than two-year length of stay, a further 17% for one to two years
- Low bad debt expense (0.1% of store revenue in the year), no deterioration over the pandemic

**Strong growth opportunities**

- Opportunities to drive further occupancy growth
- Yield management as occupancy increases
- Densification of living and scarcity of flexible business warehouse space drives demand
- Growth in national customers and business customer base
- Increasing the platform with a conservative capital structure

**Our returns**



Conversion into quality returns

**High margins**

Freehold assets for high operating margins and operational advantage

**Sustainable**

Low technology and obsolescence product, maintenance capex fully expensed

**Annual compound adjusted eps**

**14%**

Annual compound adjusted eps growth of 14% since 2004/5 (IFRS adoption)

**Cash flow**

**15%**

Annual compound cash flow growth of 15% since 2004/5

**Dividend pay-out**

**80%**

Dividend pay-out ratio of a minimum 80% of adjusted eps